BOND FILE M/037/L & WILSON-SILVERBELL
UMETCO MINERALS CORP. - BOARD CONTRACT

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DIV. OF OIL, GAS & MINING

ALSO RELATES TO M/037/025 DEREMO PETERSON BOARD CONTRACT

In Reference to Union Carbide

(MS REF.# 60)

UTAH BOARD OF OIL, GAS AND MINING AND UNION CARBIDE CORPORATION
AND ITS WHOLLY-OWNED SUBSIDIARY
UMETCO MINERALS CORPORATION MINED - LANDS RECLAMATION CONTRACTS

UNITEI .TES SECURITIES AND EXCHANGE (.SSION
WASHINGTON, D C 20549
FORM 10-Q

(X) QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended June 30, 1997

OR

( ) TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from ______________ to ______________

Commission File Number 1-1463

UNION CARBIDE CORPORATION
(Exact name of registrant as specified in its charter)

New York	
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
39 Old Ridgebury Road, Danbury, CT	06817-0001
(Address of principal executive offices)	(Zip Code)

203-794-2000
Registrant's telephone number, including area code

____
(Former name, former address and former fiscal year, if changed since last report.)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No ____

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding at July 31, 1997
Common Stock, $1 par value	124,218,449 shares

Total number of sequentially numbered pages in this filing, including exhibits thereto: 20

INDEX

PART I. FINANCIAL INFORMATION

PART II. OTHER INFORMATION

PART I. FINANCIAL INFORMATION

UNION CARBIDE CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF INCOME

	Millions of dollars (Except per share figures) Quarter ended June 30, 1997	1996
NET SALES	$ 1,666	$ 1,559
Cost of sales, exclusive of depreciation and amortization	1,220	1,150
Research and development	41	40
Selling, administration and other expenses[a]	75	78
Depreciation and amortization	87	79
Partnership income	37	37
Other income (expense) - net	11	(4)
INCOME BEFORE INTEREST EXPENSE AND PROVISION FOR INCOME TAXES	291	245
Interest expense	19	14
INCOME BEFORE PROVISION FOR INCOME TAXES	272	231
Provision for income taxes	79	65
INCOME OF CONSOLIDATED COMPANIES AND PARTNERSHIPS	193	166
Minority interest	5	-
Income from corporate investments carried at equity	3	7
NET INCOME	191	173
Preferred stock dividend, net of income taxes	3	3
NET INCOME - COMMON STOCKHOLDERS	$ 188	$ 170
Earnings per common share		
Primary	$ 1.41	$ 1.23
Fully diluted	$ 1.28	$ 1.12
Cash dividends declared per common share	$ 0.1875	$ 0.1875

(a) Selling, administration and other expenses include:

	1997	1996
Selling	$ 31	$ 32
Administration	34	28
Other expenses	10	18
	$ 75	$ 78

The Notes to Condensed Consolidated Financial Statements on Pages 7 through 10 should be read in conjunction with this statement.

ION CARBIDE CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF INCOME

	Millions of dollars (Except per share figures) Six months ended June 30, 1997	1996
NET SALES	$ 3,304	$ 3,060
Cost of sales, exclusive of depreciation and amortization	2,451	2,249
Research and development	81	76
Selling, administration and other expenses [a]	155	159
Depreciation and amortization	169	154
Partnership income	72	63
Other income - net	18	19
INCOME BEFORE INTEREST EXPENSE AND PROVISION FOR INCOME TAXES	538	504
Interest expense	38	37
INCOME BEFORE PROVISION FOR INCOME TAXES	500	467
Provision for income taxes	145	131
INCOME OF CONSOLIDATED COMPANIES AND PARTNERSHIPS	355	336
Minority interest	8	(1)
Income (loss) from corporate investments carried at equity	1	(7)
NET INCOME	348	330
Preferred stock dividend, net of income taxes	5	5
NET INCOME - COMMON STOCKHOLDERS	$ 343	$ 325
Earnings per common share		
Primary	$ 2.54	$ 2.34
Fully diluted	$ 2.31	$ 2.13
Cash dividends declared per common share	$ 0.375	$ 0.375

(a) Selling, administration and other expenses include:		
Selling	$ 62	$ 64
Administration	63	59
Other expenses	30	36
	$ 155	$ 159

The Notes to Condensed Consolidated Financial Statements on Pages 7 through 10 should be read in conjunction with this statement.

UNION CARBIDE CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEET

	Millions of dollars	
	June 30, 1997	Dec. 31, 1996
ASSETS		
Cash and cash equivalents	$ 115	$ 94
Notes and accounts receivable	1,079	1,047
Inventories	544	541
Other current assets	185	191
Total current assets	1,923	1,873
Property, plant and equipment	7,424	7,159
Less: Accumulated depreciation	3,855	3,750
Net fixed assets	3,569	3,409
Companies carried at equity	701	695
Other investments and advances	64	77
Total investments and advances	765	772
Other assets	513	492
Total assets	$6,770	$6,546
LIABILITIES AND STOCKHOLDERS' EQUITY		
Accounts payable	$ 273	$ 268
Short-term debt and current portion of long-term debt	88	112
Accrued income and other taxes	96	133
Other accrued liabilities	674	765
Total current liabilities	1,131	1,278
Long-term debt	1,467	1,487
Postretirement benefit obligation	470	473
Other long-term obligations	812	811
Deferred credits	345	301
Minority stockholders' equity in consolidated subsidiaries	279	29
Convertible preferred stock - ESOP	140	144
Unearned employee compensation - ESOP	(82)	(91)
Stockholders' equity:		
Common stock - authorized - 500,000,000 shares - issued - 154,609,669 shares	155	155
Additional paid-in capital	317	370
Translation and other equity adjustments	(49)	(33)
Retained earnings	2,925	2,629
Less: Treasury stock, at cost-30,580,343 shares (28,169,324 shares in 1996)	1,140	1,007
Total stockholders' equity	2,208	2,114
Total liabilities and stockholders' equity	$6,770	$6,546

The Notes to Condensed Consolidated Financial Statements on Pages 7 through 10 should be read in conjunction with this statement.

UNION CARBIDE CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Millions of dollars Six months ended June 30, 1997	1996
	Increase (decrease) in cash and cash equivalents	
OPERATIONS		
Net income	$ 348	$ 330
Noncash charges (credits) to net income		
Depreciation and amortization	169	154
Deferred income taxes	37	24
Other	(10)	7
Net gains on investing transactions	-	(1)
Increase in working capital [a]	(151)	(106)
Long-term assets and liabilities	10	16
Cash Flow From Operations	403	424
INVESTING		
Capital expenditures	(328)	(363)
Investments, advances and acquisitions (excluding cash acquired)	(43)	(262)
Sale of fixed and other assets	1	12
Cash Flow Used for Investing	(370)	(613)
FINANCING		
Change in short-term debt (3 months or less)	(41)	68
Proceeds from short-term debt	20	21
Repayment of short-term debt	-	(26)
Proceeds from long-term debt	14	-
Repayment of long-term debt	(20)	(5)
Issuance of common stock	25	87
Purchase of common stock	(176)	(272)
Proceeds from subsidiary preferred stock	246	-
Payment of dividends	(66)	(56)
Other	(13)	1
Cash Flow Used for Financing	(11)	(182)
Effect of exchange rate changes on cash and cash equivalents	(1)	-
Change in cash and cash equivalents	21	(371)
Cash and cash equivalents beginning-of-period	94	449
Cash and cash equivalents end-of-period	$ 115	$ 78
Cash paid for interest and income taxes		
Interest (net of amount capitalized)	$ 38	$ 32
Income taxes	$ 60	$ 110

(a) Net change in certain components of working capital (excluding non-cash expenditures):

(Increase) decrease in current assets		
Notes and accounts receivable	$ (31)	$ (58)
Inventories	(3)	68
Other current assets	8	4
Decrease in payables and accruals	(125)	(120)
Increase in working capital	$(151)	$(106)

The Notes to Condensed Consolidated Financial Statements on Pages 7 through 10 should be read in conjunction with this statement.

1. Consolidated Financial Statements

In the opinion of management, the accompanying unaudited condensed consolidated financial statements include all adjustments necessary for a fair statement of the results for the interim periods. These adjustments consist of only normal recurring adjustments. The accompanying statements should be read in conjunction with the Notes to Financial Statements of Union Carbide Corporation and Subsidiaries ("the corporation" or "UCC") in the 1996 annual report to stockholders.

2. Common Stock

On July 23, 1997, the board of directors of the corporation increased the number of shares that may be repurchased under the existing common stock repurchase program by 10 million shares to an aggregate of 60 million shares since inception of the program.

Through June 30, 1997, since inception of its common share repurchase program, the corporation repurchased 46.0 million shares (3.7 million during 1997) at an average effective price of $33.69 per share. The corporation intends to acquire additional shares from time to time at prevailing market prices, at a rate consistent with the combination of corporate cash flow and market conditions.

In conjunction with the corporation's common stock buyback program, put options were sold in a series of private placements entitling the holders to sell 11.5 million shares of common stock to UCC, at specified prices upon exercise of the options. Through June 30, 1997, since inception of this program, options representing 8.7 million common shares have expired unexercised, while options representing 2.1 million shares were exercised for $79 million, or an average price of $37.05 per share. Options representing 0.7 million shares remain outstanding at June 30, 1997.

Premiums received since the inception of the program, recorded as additional paid-in capital, have reduced the average price of repurchased shares from $33.95 per share to $33.69 per share.

3. Inventories

	Millions of dollars	
	June 30, 1997	Dec. 31, 1996
Raw materials and supplies	$ 131	$ 114
Work in process	57	54
Finished goods	356	373
	$ 544	$ 541

4. Commitments and Contingencies

The corporation has three major agreements for the purchase of ethylene-related products and two other purchase agreements in the U.S. and Canada. The net present value of the fixed and determinable portion of these obligations at June 30, 1997 totaled $325 million.

The corporation is subject to loss contingencies resulting from environmental laws and regulations, which include obligations to remove or remediate the effects on the environment of the disposal or release of certain wastes and substances at various sites. The corporation has established accruals in current dollars for those hazardous waste sites where it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated. The reliability and precision of the loss estimates are affected by numerous factors, such as different stages of site evaluation, the allocation of responsibility among potentially responsible parties and the assertion of additional claims. The corporation adjusts its accruals as new remediation requirements are defined, as information becomes available permitting reasonable estimates to be made, and to reflect new and changing facts.

At June 30, 1997, the corporation had established environmental remediation accruals in the amount of $288 million. These accruals have two components, estimated future expenditures for site investigation and cleanup and estimated future expenditures for closure and postclosure activities. In addition, the corporation had environmental loss contingencies of $141 million.

The corporation has sole responsibility for the remediation of approximately 40 percent of its environmental sites. These sites are well advanced in the investigation and cleanup stage. The corporation's environmental accruals at June 30, 1997 included $197 million for these sites, of which $72 million was for estimated future expenditures for site investigation and cleanup and $125 million was for estimated future expenditures for closure and postclosure activities. In addition, $73 million of the corporation's environmental loss contingencies related to these sites. The site with the largest total potential cost to the corporation is a nonoperating site. Of the above accruals, this site accounted for $31 million, of which $17 million was for estimated future expenditures for site investigation and cleanup and $14 million was for estimated future expenditures for closure and postclosure activities. In addition, $20 million of the above environmental loss contingencies related to this site.

The corporation does not have sole responsibility at the remainder of its environmental sites. All of these sites are in the investigation and cleanup stage. The corporation's environmental accruals at June 30, 1997 included $91 million for estimated future expenditures for site investigation and cleanup at these sites. In addition, $68 million of the corporation's environmental loss contingencies related to these sites. The largest two of these sites are also nonoperating sites. Of the above accruals, these sites accounted for $33 million for estimated future expenditures for site investigation and cleanup. In addition, $16 million of the above environmental loss contingencies related to these sites.

In 1996, worldwide .nses of continuing operations .ated to environmental protection for compliance with Federal, state and local laws regulating solid and hazardous wastes and discharge of materials to air and water, as well as for waste site remedial activities, totaled $110 million. Expenses in 1995 and 1994 were $138 million and $153 million, respectively. While estimates of the costs of environmental protection for 1997 are necessarily imprecise, the corporation estimates that the level of these expenses will be somewhat greater than that experienced in 1996.

The corporation has severally guaranteed 45 percent (approximately $608 million at June 30, 1997) of EQUATE Petrochemical Company's ("EQUATE") debt and working capital financing needs until certain completion tests are achieved; thereafter, a $54 million several guarantee will provide ongoing support. The corporation also severally guaranteed certain sales volume targets until EQUATE's sales capabilities are proved. In addition, the corporation has pledged its shares in EQUATE as security for EQUATE's debt. The corporation has political risk insurance coverage for its equity investment and, until the completion tests are concluded, substantially all of its guarantee of EQUATE's debt. EQUATE is considering the possible refinancing of its debt.

The corporation had additional contingent obligations at June 30, 1997 of $69 million, of which $33 million related to guarantees of debt.

The corporation is one of a number of defendants named in approximately 4,500 lawsuits, some of which have more than one plaintiff, involving silicone breast implants. The corporation was not a manufacturer of breast implants but did supply generic bulk silicone materials to certain manufacturers. Also, the corporation in 1990 acquired and in 1992 divested the stock of a small specialty silicones company that, among other things, supplied silicone gel intermediates and silicone dispersions for breast implants. In 1993, most of the suits that were brought in Federal courts were consolidated for pre-trial purposes in the United States District Court, Northern District of Alabama.

In 1995, after the District Court rejected an initial settlement proposal, certain defendants, including the corporation, proposed, and the court approved, a revised settlement program. While the corporation cannot predict the number of claimants who will participate in the settlement, based on sample data prepared under supervision of the court, the corporation estimates that its maximum expenditures under the revised agreement should not exceed $100 million prior to insurance recovery. Although insurance coverage is subject to issues as to scope and application of policies, retention limits, exclusions and policy limits, and the insurers have reserved their right to deny coverage, the corporation believes that after probable insurance recoveries neither the settlement nor litigation outside the settlement will have a material adverse effect on the consolidated financial position of the corporation.

In addition to the above, the corporation and its consolidated subsidiaries are involved in a number of legal proceedings and claims with both private and governmental parties. These cover a wide range of matters including, but not limited to, product liability; governmental regulatory proceedings; health, safety and environmental matters; employment; patents; contracts and taxes. In some of these legal proceedings and claims, the cost of remedies that may be sought or damages claimed is substantial.

The corporation h... ecorded nonenvironmental liti... .on accruals of $182 million, and related insurance recovery receivables of $135 million. At June 30, 1997, the corporation had nonenvironmental litigation loss contingencies of $44 million.

While it is impossible at this time to determine with certainty the ultimate outcome of any legal proceedings and claims referred to in this note, management believes that adequate provisions have been made for probable losses with respect thereto and that such ultimate outcome, after provisions therefor, will not have a material adverse effect on the consolidated financial position of the corporation, but could have a material effect on consolidated results of operations in a given quarter or year. Should any losses be sustained in connection with any of such legal proceedings and claims, in excess of provisions therefor, they will be charged to income in the future.

5. Minority Interest

On January 30, 1997, a newly formed real estate investment trust subsidiary issued $250 million of preferred stock bearing a current dividend yield of 14 percent for 10 years and 1 percent thereafter. On July 25, 1997, the corporation mortgaged domestic real estate with a fair market value of approximately $500 million in conjunction with this transaction. The preferred stock may be redeemed if, as a result of a change in tax laws, rules or regulations, dividends on the preferred stock or interest paid on the mortgage note is not fully deductible for Federal income tax purposes. As of June 30, 1997, the effect of any such redemption on the corporation's results of operations would be immaterial.

Overview

The corporation reported second quarter 1997 net income available to common stockholders of $188 million, or $1.28 per common share, fully diluted ($1.41 per common share, primary). For the first six months of 1997, net income available to common stockholders was $343 million, or $2.31 per common share, fully diluted ($2.54 per common share, primary).

For the corresponding quarter in 1996, the corporation reported earnings of $170 million, or $1.12 per common share, fully diluted ($1.23 per common share, primary). For the first six months of 1996, net income available to common stockholders was $325 million, or $2.13 per common share, fully diluted ($2.34 per common share, primary).

The corporation's earnings for the quarter and six month periods ended June 30, 1997 increased compared to the same periods in 1996. For the second quarter, net sales increased compared to the prior year period as a result of improved sales volumes in both of the corporation's segments. In addition, the Basic Chemicals & Polymers segment benefited from increased polyethylene prices. In contrast, average selling prices for the Specialties & Intermediates segment were lower than in the second quarter of 1996. Raw material costs continued to decline from very high levels at the beginning of 1997 to levels which, in the second quarter of 1997, were comparable to those of the prior year period. For the first half of 1997, the positive impact of improved volumes in both segments and improved polyethylene pricing in the Basic Chemicals & Polymers segment was partially offset by the effect of higher average raw material costs.

Looking ahead to the third quarter, the corporation anticipates continued strong demand and improved pricing for ethylene glycol coupled with stable raw material costs in the Basic Chemicals & Polymers segment. Average selling prices should improve in the Specialties & Intermediates segment. However, the impact of these price increases in the Specialties & Intermediates segment is likely to be mitigated by the effect of higher transfer prices for ethylene oxide (manufactured by the Basic Chemicals & Polymers segment for the Specialties & Intermediates segment) and potential tightness in propylene, key raw materials for the Specialties & Intermediates segment.

Results of Operations

Net sales increased 6.9 percent in the second quarter and 8.0 percent in the first half of 1997, as compared to the same periods in 1996. These increases were driven by a 4.6 percent and 8.8 percent increase in customer volume for the second quarter and six month periods, respectively, as compared to similar periods in 1996. Average selling prices increased slightly for the second quarter and decreased slightly for the first half in comparison to the same periods in 1996.

Variable margin (net sales less variable manufacturing and distribution costs) was 44.5 percent and 43.4 percent for the current three and six month periods, respectively, compared to 45.0 percent and 45.2 percent, respectively, for the same periods in 1996. Although variable margin as a percent of sales declined in each period, variable margin dollars increased $40 million, or 5.7 percent, and $51 million, or 3.7 percent, for the second quarter and first six months of 1997, respectiv. as compared to the same peri in 1996. Increased volumes in both segments and increased polyethylene selling prices in the Basic Chemical & Polymers segment contributed to the increases in variable margin dollars for these periods. Increased raw material costs coupled with decreases in the average selling prices for products in the Specialties & Intermediates segment, however, limited variable margin improvement for the first half of 1997 compared to the prior year.

Gross margin (variable margin less fixed manufacturing and distribution costs), as a percent of sales, remained relatively stable for the second quarter and six month periods ended June 30, 1997 as compared to the same periods in 1996.

Industry Segments

The company's operations are classified into two main business segments, Specialties & Intermediates and Basic Chemicals & Polymers. The Specialties & Intermediates segment includes the corporation's specialty chemicals and polymers product lines, licensing and solvents and chemical intermediates. The Basic Chemicals & Polymers segment includes the corporation's ethylene and propylene manufacturing operations as well as the production of first level ethylene and propylene derivatives - polyethylene, polypropylene, ethylene oxide and ethylene glycol. The corporation's noncore operations and financial transactions are included in the Other segment.

Information about the corporation's operations in its business segments for the second quarter and six month periods of 1997 and 1996 follows. Sales of the Basic Chemicals & Polymers segment include intersegment sales, principally ethylene oxide, which are made at the estimated market value of the products transferred. Operating profit represents income before interest expense and provision for income taxes.

	Quarter ended June 30,		Six months ended June 30,	
Millions of dollars	1997	1996	1997	1996
Sales				
Specialties & Intermediates	$1,139	$1,109	$2,261	$2,186
Basic Chemicals & Polymers	604	527	1,201	1,046
Intersegment Eliminations	(77)	(77)	(158)	(172)
Total	$1,666	$1,559	$3,304	$3,060
Operating Profit				
Specialties & Intermediates	$ 191	$ 190	$ 375	$ 383
Basic Chemicals & Polymers	101	47	163	105
Other	(1)	8	-	16
Total	$ 291	$ 245	$ 538	$ 504
Depreciation and Amortization				
Specialties & Intermediates	$ 55	$ 48	$ 106	$ 94
Basic Chemicals & Polymers	32	31	63	60
Total	$ 87	$ 79	$ 169	$ 154
Capital Expenditures				
Specialties & Intermediates	$ 103	$ 132	$ 191	$ 266
Basic Chemicals & Polymers	87	45	137	97
Total	$ 190	$ 177	$ 328	$ 363

Net sales of the Spe .ties & Intermediates segment .eased $30 million or 2.7 percent in the current quarter over the same quarter in 1996, and $75 million or 3.4 percent in the current six month period as compared to the same six months of 1996. Operating profit for the second quarter of 1997 was $191 million, compared to $190 million for the same quarter of 1996; operating profit was $375 million for the first half of 1997, versus $383 million for the comparable period in 1996. For the three and six month periods ended June 30, 1997, this segment benefited from a 5.2 percent and 9.2 percent increase in volume, respectively, compared to similar periods in 1996, partially offset by a decline in average selling prices of 2.5 percent and 5.3 percent, respectively.

Net sales of the Basic Chemicals & Polymers segment increased $77 million, or 14.6 percent in the current quarter over the same quarter of 1996 and $155 million or 14.8 percent in the first half of 1997 over the first half of 1996. Operating profit showed considerable improvement of $54 million and $58 million, respectively, in the current quarter and six month periods ended June 30, 1997 compared to the same periods in 1996. These increases were the result of a 12.4 percent and 9.9 percent increase in average selling prices in the quarter and six months of 1997, respectively, versus the comparable periods of 1996. In addition to the growth in the average selling prices, customer volume levels increased 3.9 percent and 8.3 percent for the same periods.

Selling, administration and other expenses declined $3 million and $4 million in the second quarter and the first six months of 1997, respectively, versus comparable periods of 1996.

Partnership income in the second quarter of 1997 was consistent with the second quarter of 1996. For the first half of 1997 partnership income increased $9 million, as compared to the same period in 1996 due to increased earnings of Petromont and UOP.

Other income (expense) - net increased $15 million in the second quarter of 1997, and decreased $1 million in the first half of 1997, as compared to the same periods in 1996, largely due to decreased interest income offset in the second quarter by lack of a charge comparable to that taken in 1996 for the discontinuance of the high density polyethylene recycle resin operation.

Interest expense increased $5 million to $19 million for the second quarter of 1997 compared to the second quarter a year ago and remained stable for the first half of 1997 compared to the first half of 1996. The increase from the second quarter of 1996 to the second quarter of 1997 was the result of a decrease in capitalized interest associated with the corporation's capital program and an increase in the corporation's long-term debt.

Income (loss) from corporate investments carried at equity decreased $4 million from income of $7 million in the second quarter of 1996 to income of $3 million in the same period of 1997. Lower earnings quarter to quarter are the result of an increase in preliminary operating expenses associated with EQUATE Petrochemical Company ("EQUATE") which are expected to continue until plant start-up in the second half of 1997. For the first half of 1997, income (loss) from corporate investments carried at equity increased by $8 million to $1 million due to improved Polimeri Europa results partially offset by the preliminary operating expenses being incurred by EQUATE.

Estimates of futui   :penses related to environmen.   protection for compliance with Federal, state and local laws regulating solid and hazardous wastes and discharge of materials to air and water, as well as for waste site remedial activities have not changed materially since December 31, 1996. The reliability and precision of the loss estimates are affected by numerous factors, such as different stages of site evaluation, the allocation of responsibility among potentially responsible parties and the assertion of additional claims. The corporation's environmental exposures are discussed in more detail in the "Commitments and Contingencies" footnote to the financial statements on pages 7 through 10 of this report on Form 10-Q.

The corporation continues to be named as one of a number of defendants in lawsuits involving silicone gel breast implants. The corporation supplied bulk silicone materials to certain companies that at various times were involved in the manufacture of breast implants. These cases are discussed in more detail in the "Commitments and Contingencies" footnote to the financial statements on pages 7 through 10 of this report on Form 10-Q.

Accounting Changes

Statement of Financial Accounting Standards No. 128 ("Statement 128"), "Earnings Per Share", will require presentation of "basic" and "diluted" earnings per share for periods ending after December 15, 1997. Had Statement 128 been in effect, "basic" and "diluted" earnings per common share would have been $1.46 and $1.28, respectively, in the second quarter of 1997 ($1.27 and $1.12 per common share, respectively, in the second quarter of 1996) and $2.63 and $2.31, respectively, for the six months ended June 30, 1997 ($2.42 and $2.13 per common share, respectively, for the six months ended June 30, 1996).

Financial Condition - June 30, 1997

Cash flow from operations for the first six months of 1997 was $403 million, down from $424 million in the first six months of 1996. Increased working capital requirements more than offset the effect of higher net income and non-cash charges (credits) to net income.

Cash flow used for investing totaled $370 million, down from $613 million in the comparable period of 1996. The majority of this decline is due to decreases of $219 million in investments, advances and acquisitions. Significant investments and acquisitions in the first half of 1996 included the purchases of the polypropylene assets and business of Shell Oil Company and 95 percent of the outstanding shares of Companhia Alcoolquimica Nacional, a Brazilian producer of vinyl acetate monomer.

Major capital projects in progress in the first half of 1997 included a new CARBOWAX polyethylene glycol and TERGITOL surfactants facility, an ethanolamine unit and an olefins expansion, all at Taft, La., as well as an upgrade of information technology infrastructure. Capital expenditures are expected to approximate 1996 levels by the end of 1997. Major capital projects in 1996 included an ethylene propylene rubber facility at Seadrift, Tex., as well as new cogeneration facilities at Texas City, Tex. and Taft, La., and an upgrade of information technology infrastructure.

The upgrade of information technology systems, expected to be completed by 1999, will also address technological issues related to the year 2000. The corporation is reviewing all internal processes and hardware and software issues, and is also discussing with its vendors and customers the possibility of any interface difficulties which may affect the corporation. To date, no significant concerns have been identified.

Cash flow used for financing in the first half of 1997 was $11 million in comparison to $182 million in the first half of 1996. The first half of 1997 included common stock repurchases of 3.7 million shares for cash of $176 million under the existing common stock repurchase program. On July 23, 1997, the corporation's board of directors authorized an increase in the number of shares that may be repurchased under the existing common stock repurchase program by 10 million shares to an aggregate of 60 million shares since the inception of the program. The corporation intends to acquire additional shares from time to time at prevailing market rates consistent with the combination of corporate cash flow and market conditions. On January 30, 1997, a newly formed real estate investment trust subsidiary issued $250 million of preferred stock bearing a current dividend yield of 14 percent for 10 years and 1 percent thereafter. Cash dividends, including those paid to preferred shareholders of the real estate investment trust subsidiary, totaled $66 million, while net repayments of debt totaled $27 million.

The corporation's ratio of debt to total capital decreased to 38.5 percent at June 30, 1997 from 42.7 percent at December 31, 1996. At June 30, 1997 there were no outstanding borrowings under the existing major bank credit agreement aggregating $1 billion.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

See Note 4 to the corporation's consolidated financial statements on pages 7 through 10 of this report on Form 10-Q.

Item 2. Changes in Securities

(c) Sales of Unregistered Securities

During the first half of 1997, put options were sold to institutional investors in a series of private placements exempt from registration under Section 4(2) of the Securities Act of 1933, entitling the holders to sell 1,300,000 shares of Union Carbide Corporation common stock to the corporation, at prices ranging from $44.50 to $45.00 per share. Premiums received for the sales of the options totaled $1,465,000.

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

The following exhibits are filed as part of this report:

11 - Computation of Earnings Per Share
27 - Financial Data Schedule.

(b) No reports on Form 8-K were filed for the three months ended June 30, 1997.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

UNION CARBIDE CORPORATION
(Registrant)

Date: August 8, 1997

By: /s/John K. Wulff
JOHN K. WULFF
Vice-President, Chief Financial Officer and Controller

EXHIBIT INDEX

<TABLE>

Exhibit 11

UNION CARBIDE CORPORATION AND SUBSIDIARIES
COMPUTATION OF EARNINGS PER SHARE
(In millions of dollars except per share amounts)

<CAPTION>

	Quarter Ended June 30, 1997	Quarter Ended June 30, 1996	Six Months Ended June 30, 1997	Six Months Ended June 30, 1996
Earnings Per Share - Primary				
<S>	<C>	<C>	<C>	<C>
Net Income	$ 191	$ 173	$ 348	$ 330
Less: Preferred stock dividend	3	3	6	6
Appreciation on redeemed preferred stock	6	-	12	-
Net income for primary income calculation	$ 182	$ 170	$ 330	$ 324
Weighted average number of common and common equivalent shares applicable to primary earnings per share calculation				
Weighted average number of shares outstanding	124,687,095	133,389,682	125,542,213	133,946,048
Dilutive effect of stock options	4,074,872	4,593,584	4,153,873	4,667,864
	128,761,967	137,983,266	129,696,086	138,613,912
Earnings per share - primary	$ 1.41	$ 1.23	$ 2.54	$ 2.34
Earnings Per Share - Fully Diluted				
Net income for primary income calculation	$ 182	$ 170	$ 330	$ 324
Add back: Preferred stock dividend	3	3	6	6
Net income for fully diluted income calculation	$ 185	$ 173	$ 336	$ 330
Weighted average number of common and common equivalent shares applicable to fully diluted earnings per share calculation				
Weighted average number of shares outstanding	124,687,095	133,389,682	125,542,213	133,946,048
Dilutive effect of stock options	4,074,872	4,593,584	4,202,843	4,667,864
Shares issuable upon conversion of UCC convertible preferred stock	15,593,263	16,134,750	15,722,461	16,167,454
	144,355,230	154,118,016	145,467,517	154,781,366
Earnings per share - fully diluted	$ 1.28	$ 1.12	$ 2.31	$ 2.13

</TABLE>

EXHIBIT 27

<ARTICLE> 5
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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM UNION
CARBIDE CORPORATION'S FORM 10-Q FOR THE QUARTER ENDED JUNE 30, 1997, AND IS
QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.
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<MULTIPLIER> 1,000,000
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<PERIOD-END> JUN-30-1997
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<DISCONTINUED> 0
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<CHANGES> 0
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<EPS-DILUTED> 2.31
<FN>
<F1>OTHER EXPENSES ARE EQUAL TO RESEARCH AND DEVELOPMENT OF 81 AND DEPRECIATION
AND AMORTIZATION OF 169.
</FN>
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